

Message Text

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PAGE 01 KUALA 03190 200155Z
ACTION EA-06

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FM AMEMBASSY KUALA LUMPUR
TO SECSTATE WASHDC 3540

C O N F I D E N T I A L KUALA LUMPUR 3190

LIMDIS

E. O. 11652: XGDS-1
TAGS: PGOV, PINT, MY, US
SUBJ: SEC COMPLAINT AGAINST PAGE AIRWASY

REF: A) STATE 096852, B) KUALA LUMPUR 3053, C) KUALA LUMPUR
2966, D) STATE 094209, E) KUALA LUMPUR 2726

1. THE SEC COMPLAINT AGAINST PAGE AIRWASY WHICH
MENTIONED SABAH CHIEF MINISTER DATUK HARRIS SALLEH
AS THE RECIPIENT OF MONIES BECAME PUBLIC KNOWLEDGE
HERE ON SATURDAY, APRIL 15 WHEN THE APRIL 14 EDITION
OF THE ASIAN WALL STREET JOURNAL REACHED KUALA LUMPUR.
THE JOURNAL CARRIED A PAGE TWO ARTICLE WHICH HIGH-
LIGHTED THE CHARGE AGAINST HARRIS, BUT ALSO MENTIONED
OTHER COUNTRIES (UGANDA, GABON, IVORY COAST)
INCLUDED IN THE COMPLAINT.

2. ALSO ON APRIL 15, THE DAILY THE STAR CARRIED A
WIRE SERVICE ITEM ON THE PAGE CASE WHICH FOCUSSED
ON IDI AMIN AND ONLY MENTIONED HARRIS SALLEH IN
PASSING. A SIMILAR STORY IN THE APRIL 17 BUSINESS
TIMES OMITTED ALTOGETHER ANY MENTION OF HARRIS OR
SABAH.

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3. THE APRIL 17 EDITION OF THE KOTA KINABAU
(SABAH) DAILY EXPRESS, WHICH SUPPORTS HARRIS'
BERJAYA PARTY, CARRIED A FRON PAGE STORY TITLE
"HARRIS REFUTES G-II ALLEGATIONS", WHICH IS
ESSENTIALLY A DENIAL BY HARRIS OF THE CHARGES IN
THE PAGE COMPLAINT. ACCORDING TO THE ARTICLE,
HARRIS SAID THAT HE HAD NOT RECEIVED KICKBACKS,

THAT HE WAS NOT ACTIVE IN GAYA HOUSE SDN. BHD. WHILE HE WAS IN THE SABAH STATE GOVERNMENT, AND THAT THE GOVERNMENT DECISION TO PURCHASE THE GULFSTREAM II AIRCRAFT HAD BEEN MADE WHILE HE WAS NOT IN THE STATE CABINET. HE IMPLIED THAT FORMER CHIEF MINISTER TUN MUSTAPHA'S FAMILY AND HIS PARTY, THE UNITED SABAH NATIONAL ORGANIZATION (USNO), WERE HEAVILY INVOLVED IN THE AIRCRAFT PURCHASE AND SAID HE HAD INSTRUCTED HIS LAWYERS TO TAKE APPROPRIATE ACTION AGAINST NEWSPAPERS WHICH HAD PUBLISHED REPORTS OF HIS INVOLVEMENT IN THE PAGE AIRWAYS CASE.. THE GOM NEWS AGENCY BERNAMA PICKED UP THE DAILY EXPRESS REPORT AND MOST K.L. NEWSPAPERS CARRIED THE BERNAMA PIECE ON APRIL 18.

4. INTERESTINGLY, THE KINABALU SABAH TIMES, THE MOUTHPIECE OF MUSTAPHA'S USNO, HAS NOT PUBLISHED ANYTHING ON THE PAGE STORY YET, ALTHOUGH IT HAS BEEN STANDARD PRACTICE FOR SEVERAL YEARS FOR THE TIMES TO BERATE HARRIS AND THE BERJAYA GOVERNMENT AT EVERY OPPORTUNITY. HOWEVER, TAN SRI SAID KERUAK, FORMER CHIEF MINISTER AND ALLY OF TUN MUSTAPHA, TOOK OVER AS ACTING PRESIDENT OF USNO FOLLOWING MUSTAPHA'S SECOND RESIGNATION FROM THE POST (REFTEL E) AND SAID ON ASSUMING
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THE POSITION APRIL 12 THAT HE HAD NO QUARREL WITH HARRIS SALLEH AND THAT HE WOULD SEEK TO COOPERATE WITH THE STATE GOVERNMENT FOR THE GOOD OF ALL.

5. WE CONTACTED MFA APRIL 17 TO PASS ON THE CONTENTS OF REFTEL A. THE MALAYSIAN EMBASSY IN WASHINGTON HAD ALREADY SENT THEM THE TEXT OF THE WASHINGTON POST STORY AND THE TEXT OF THE SEC COMPLAINT. WHEN WE COMMENTED TO AN MFA OFFICIAL THAT THE PRESS REACTION IN MALAYSIA WAS RELATIVELY RESTRAINED ON THIS ISSUE, HE SAID WRYLY, "WE CERTAINLY HAVE A RESPONSIBLE PRESS, DON'T WE," THEN WENT ON TO SAY THAT HE WAS SURE THE PRESS WOULD MAKE LITTLE MORE OF THE MATTER.

6. HARRIS SALLEH'S ATTORNEY APPROACHED AN EMBOFF APRIL 18 TO REQUEST CLARIFICATION OF THE SEC COMPLAINT. HE SAID THAT THE STAR ACCOUNT (WHICH ALSO APPEARED IN THE SINGAPORE PAPERS) MADE IT SEEM AS IF THE CHARGE AGAINST HARRIS INDICATED WRONGDOING IN HIS CURRENT POSITION AS BERJAYA CHIEF MINISTER RATHER THAN DURING HIS USNO DAYS. ACCORDING TO HIS ATTORNEY, HARRIS WAS UPSET THAT THE WHOLE AFFAIR HAD BECOME PUBLIC, BUT WAS PARTICULARLY INCENSED AT THE STAR ACCOUNT AND AT THE ASIAN WALL STREET JOURNAL, WHICH PUT A POLITICAL TWIST ON THE STORY BY RECOUNTING

RECENT INDIRECT CRITICISM OF HARRIS BY FORMER PRIME MINISTER TUNKU ABDUL RAHMAN. HARRIS' ATTORNEY ASKED THE EMBASSY FOR A COPY OF THE SEC COMPLAINT IN ORDER TO ADVISE HIS CLIENT ON FURTHER ACTION. SINCE WE HAVE NOT YET RECEIVED THE TEXT OF THE COMPLAINT, WE REFERRED THE ATTORNEY TO MFA WITH A SUGGESTION THAT THEY MIGHT HAVE OBTAINED A COPY FROM THE MALAYSIAN EMBASSY IN WASHINGTON.

7. COMMENT THE REACTION HERE TO THE SEC COMPLAINT HAS BEEN RELATIVELY SUBDUED SO FAR. THE RECENT CHANGE TO A MORE MODERATE LEADERSHIP IN HARRIS SALLEH'S RIVAL USNO MAY TURN OUT TO BE FORTUITOUS IN DAMPING DOWN PUBLIC REACTION TO THE ACCUSATIONS AGAINST HARRIS, AND THE GOM IN KUALA LUMPUR ALSO SEEMS ANXIOUS THAT THE MATTER DIE A QUICK DEATH. WE UNDERSTAND THAT PRIME MINISTER HUSSEIN IS CONCERNED ABOUT HARRIS SALLEH'S
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REPUTATION FOR CORRUPTION, AND THE GOM "GUIDANCE" TO THE PRESS HINTED AT BY THE MFA OFFICIAL REFLECTS A SENSITIVITY THAT THE MATTER NOT REMAIN A PUBLIC ISSUE AS ELECTIONS APPROACH.
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